KANTAR CONSULTING | Microsoft | POI PROMOTION OPTIMIZATION INSTITUTE

SWITCHING ON GROWTH

Growth at the Store & Market Levels —
Today & Tomorrow

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Introduction

The Promotion Optimization Institute (POI) is specifically focused on how to "switch on growth" with the knowledge that consumer goods (CG) companies can improve how they execute at the retail store level through a combination of best business practices and enabling technology. Although Retail Execution has received varying levels of focus for decades, we know empirically and through the annual POI Survey process, that three primary opportunities still exist as decribed on the next page.

Retail Execution: Opportunities for improvement.

Manufacturers are less satisfied with their execution than they were 2 and 3 years ago as evidenced through survey data.

On shelf availability has declined in the last 5 years.

The promotion cycle as a whole shows more losses than wins as spending has increased and ROI has decreased.

We will examine this switching on growth opportunity more in depth through our own industry learnings. We will also utilize POI Survey data throughout this document and provide a reference to it at the end.

Retail Execution: What Works Today

We at the POI see huge potential for CG companies that can master a few areas of execution as they are better able to understand what is happening at the store level and execute against it. This has to happen at both store and market levels. There are pockets of improvement that we are seeing the CG industry embrace so we will focus on them first off to help you build your own framework for how to switch on growth through the aspects that are currently working. We will treat these one by one on the following pages.

Balancing global and local requirements.

Despite how "flat" the world is it is still relatively diverse. Direct store delivery, van sales, merchandising, and distributor management have enough unique requirements that it is simply not practical for a CG company to try to adapt one go-to-market model to cover others. And, there is no reason to compromise because there are solution options that can cover all requirements with a single back-end. We at the POI see this working well today provided that CG companies don't try to force one go-to-market format onto others. You have the right to demand the right set of transactional and analytical capabilities for each route to market.

Therefore, we don't recommend a checkerboard of solutions. We do recommend building a matrix of go-to-market models and the templates that can be used by sub-markets within regions (example: Japan, Australia and Indonesia are all part of Asia-Pacific region, but are quite diverse) that can cover your needs. We also recommend focusing on vendor(s) that have demonstrated expertise in local markets instead of hoping that one that has been successful in India can meet your needs in Canada.

Full offline capabilities for inflight and other analytics.

We call this requirement out specifically because of the value that lies in being able to make decisions at the specific outlet level through off-line capabilities. We have seen some very interesting examples of how insights can be brought to bear at the outlet level. However, the POI 2018 survey showed that only 35% of respondents say that their off-line needs are met, and within that 18% said that they were "somewhat" met, which indicates a pretty low level of satisfaction. More telling, however, is that the satisfaction level declined by 16 percentage points from prior year as more B2B selling solutions have entered the market with solutions that are not adequate for the CG market place.

This is a difficult area to test for during product demos so we recommend that you build out pilot scenarios with the depth and breadth of data that will fully test off-line capabilities. By doing so you can join those companies that achieve better execution while in the field.

Sales effectiveness and efficiency enablers.

These are designed to help all of your field sales personnel to closely mirror the talent of the very best through the use of technology. We at POI continue to see them as valuable and most are trending positively. These include:

Image recognition

Value proposition

Enabling technology that can automatically check compliance to planogram, measure share-of-shelf, and spot distribution opportunities.

Trend

Adoption increased 9 percentage points (PP) from 2017. Nevertheless, 69% don't have it or have no plans to do so, thus highlighting the magnitude of the opportunity for early mover advantage. We at POI believe that 85% of the top 20 CG companies have rolled out an IR Solution for retail in at least one of their markets. Other companies are following suit. Many are deepening their investment in this area.

9 PP increase in adoption vs 2017.

Gamification

Value proposition

Allows users to improve motivation as they interact with the system to earn badges or other recognition by improving Retail Execution outcomes.

Trend

We at POI saw a 14 PP improvement in adoption versus prior year and continued trend versus prior year. Because 62% of companies still don't have it there is competitive advantage to be had. However, this is not a module that you can purchase from a 3rd party and bring to bear, but something that your Retail Execution vendor will need to offer as part of the solution.

14 PP improvement in adoption vs 2017.

Sales effectiveness and efficiency enablers.

These are designed to help all of your field sales personnel to more closely mirror the talent of the very best through the use of technology. We at POI continue to see them as valuable and most are trending positively. These include:

Perfect store

Value proposition

Helps field sales personnel to identify, execute and score their activities at the store level. It is both graphical and KPI driven so that it leaves no doubt as to what the perfect store consists of and how to make it happen. It often ties to gamification for recognizing sales rep performance.

Trend

This capability is still in its infancy. It is open to quite a bit of interpretation as we see it in the market place. Few vendors offer it, but many are working on some measurement aspects that they call perfect store. We believe that it should ideally combine visual, KPI, gamification, and coaching elements to be most effective. We estimate that slightly less than 10% of CG companies have it.

Opportunity space: less than 10% of CG companies have it today.

Retail activity optimization

Value proposition

Takes POS and other data and utilizes it to direct field personnel to the locations where they can have the greatest impact and does so through the most efficient routing. And it does so based on the most recent possible data — ideally a few hours before the sales route is to commence.

Trend

We at POI have seen adoption drop by 4 PP versus prior year, while planned adoption has increased by 9 PP. We attribute this to CG companies underestimating how difficult it will be to acquire, cleanse, harmonize and stage the data. Too many Retail Execution vendors leave it to the CG companies to wrangle the data because they lack the scale or expertise to provide this service. Still, the opportunity persists because at least 90% of companies don't have this enabler as we have defined it.

9 PP increase in planned adoption vs 2017.

Sales effectiveness and efficiency enablers.

These are designed to help all of your field sales personnel to more closely mirror the talent of the very best through the use of technology. We at POI continue to see them as valuable and most are trending positively. These include:

## Social selling capabilities

Value proposition

Leverages the insights of peers and managers to address specific selling situations. Captures and organizes the insights, then automatically retires them once they are no longer relevant.

Trend

76% of companies do not have this enabler or plan to add it because relatively few vendors offer it. Thus, adoption declined by 10 PP from prior year. Some CG companies are reluctant to add because they fear it will be misused. However, we believe that this issue can be adequately managed.

Only 24% of CG companies have it today.
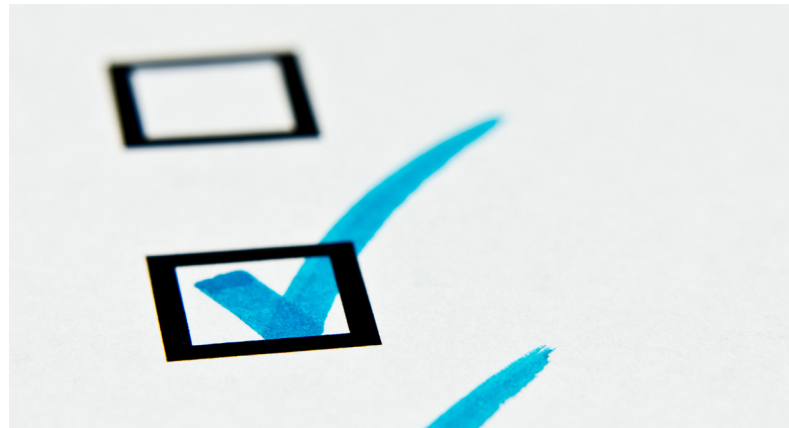
Guided selling

Value proposition

This enabler utilizes branching logic to guide the field force to do the right things while in the store based on information gathered in real time and in the context of that location. This is an emerging value area within artificial intelligence. It is also an extension of perfect store and retail activity optimization.

Trend

Because this is not a single capability, but a set of them, it is more of a journey. Still, 63% don't have it or any plans for it, but it did improve by 3 PP from prior year. Having robust off-line capacity is key to doing this right.

3 PP improvement in adoptioin vs 2017.

Sales effectiveness and efficiency enablers.

These are designed to help all of your field sales personnel to more closely mirror the talent of the very best through the use of technology. We at POI continue to see them as valuable and most are trending positively. These include:

Augmented reality

Value proposition

Allows for the juxtaposition and visualization of images in a selling context. A good example is taking a picture of a retail store environment and inserting a cooler or display module into the picture so that a store manager or other decision maker can see how it looks and fits into the space.

Trend

Market penetration is still low, as 75% still don't have it or any plans for it. But it did increase by 3 PP versus prior year. There is a sizable opportunity for early adopter advantage with this enabler.

3 PP increase in market penetration vs 2017.

Coaching

Value proposition

Brings all of the key executional performance areas into a module where managers can evaluate, plan for coaching interactions, capture follow up items, and generally manage their subordinates from within the transactional system.

Trend

This is a relatively new type of module and we are just beginning to track its uptake in the market, but believe that how it relates to gamification and perfect store will help managers to focus their people on the right things.

New capability, still in its infancy.

Please note that we are not implying that all of these enablers are working in all geographies, but they are in most so long as key elements such as POS data are available. We don't provide a prioritization or recommendation of which enablers you should pursue because we have found that this varies based on

product types and routes to market. What we do recommend is that you seek a vendor that offers these capabilities, either on its own or through a partnership that embeds them. We will now explore some capabilities that are a bit less mature but will eventually provide significant value.

Additional enablers to retail execution that we see on the horizon

In this section we will point out some capabilities, based on our POI research, that we are seeing on the horizon that only a few CG companies are beginning to think about. The Promotion Optimisation Institute does so in order to help you understand how these capabilities fit in, to avoid unnecessary hype, and to begin to prepare for their adoption based on your ability and proclivity to do so. However, before we do so, it bears mentioning that many of these enablers are quite data intensive. Having silos of data has had a crippling effect on CG companies for decades.

Thus, merely acquiring some of these enablers is not enough. In fact, it may actually be detrimental without a clearly defined and articulated data strategy. Otherwise, both retailers and/or brand owners are not going to be particularly effective at competing with new players in the sector, whether it is eCommerce or other commercial formats. This is because these new entrants are leveraging the hyper-computing power available to them through cloud computing. As a result, they are not only changing the game when it comes to personalization of offers and new experiences, but they are constantly teaching the consumer to set a new, higher bar for how they choose to purchase consumer goods.

With that caveat, we now proceed to a brief description of the enablers in the following pages.

# Additional enablers to retail execution that we see on the horizon.

Voice recognition

The value here is to allow users to interact with the system through natural language. Use cases include having the system brief the user about the next store visit while they are en-route, allowing for orders to be spoken rather than entered, and being able to ask the solution a question and get an answer without having to enter anything. We see examples of this beginning to happen in the next 12 – 18 months.


Artificial Intelligence, or AI

This is a broader area of application, but the value lies in the system being able to recognize patterns and answer questions that users haven't thought to ask, predict outcomes such as when a visit needs to take place because a product will be out of stock, or anticipate a report that a user may like to see based on questions being asked. This is already happening on PC-based systems, but we see it being pushed to hand held solutions in the next 12 months. Elements of AI already exist in some leading image recognition solutions today. The future use cases are vast. We expect to see more over time.
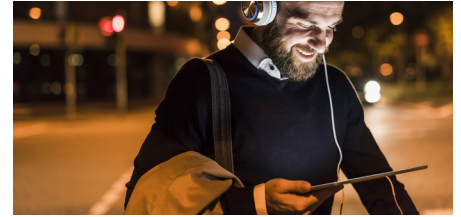
Advanced gamification

This is essentially a hybrid of gamification and predictive modeling. The objective is allowing users to simulate their compensation based on possible levels of activities. For example, a sales person could see an estimate of the return on their invested time if they were to work and extra hour each day, take a shorter lunch break, or visit a number of extra stores on the recommended list. It effectively answers the WIIFM (*what's in it for me*) question that is on everybody's mind, but particularly so for millennials.

Additional enablers to retail execution that we see on the horizon.
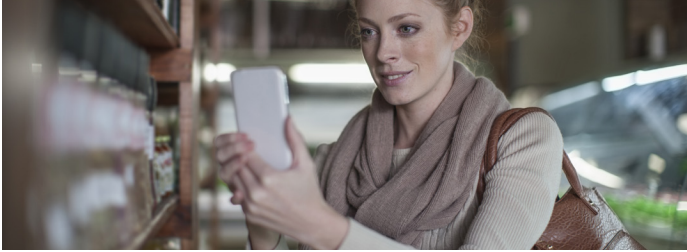
Device-based image recognition systems

This one is only whispered about today but we know of several vendors that are working on it by bringing existing elements of AI to bear without having to connect externally. The idea is to have all of the logic behind the image recognition take place on the mobile device. This greatly enhances the speed and reduces the per-picture costs to more of a fixed cost. If they succeed, and do so with no reduction in recognition accuracy, we see this as the absolute next-generation of image recognition. We have seen some basic on-device recognition capabilities, but estimate that it will take 24 to 30 months to achieve parity with current, SaaS/cloud-based solutions.

A critical factor in being able to perform image recognition on the mobile device is the limitations on the hardware. Today's modern smartphones include 2 major breakthroughs: high frequency multi-core CPUs and neural network capable hardware. What was possible yesterday only on servers is now accessible on the smartphone. There will still be some requirements for a mixture of on-device and online capabilities to offer real-time measurements and granular analysis and reporting. Nevertheless, we believe that these capabilities will be available sooner than most CG companies are prepared to upgrade their mobile hardware, or the retail execution solution that image recognition rests upon. Hence, there is considerable early-mover advantage.

Flexible resource models

These include capabilities that allow CG companies to respond to market requirements quickly and flexibly without the perennial problem of hiring more staff. Examples include:

Robotics — Machines that automatically execute activities at the store level with limited human intervention required. A robot that goes up and down store aisles during the wee hours of the night and scans the entire shelf to provide data for analysis is one such use case.

Crowdsourcing — Utilizing non-employees to collect key pieces of information, or even perform some activities for which they are trained, are both use cases.

Video Monitoring — A fixed camera that sends information about a shelf or cooler for analysis. Such information could be about product availability, when products are purchased, or even when the cooler door is opened.

Our purpose here is not to do deep evaluations of these capabilities, but to highlight the fact that they exist and that we are monitoring them. It also serves to illustrate once again how data intensive the future will be and the need to prepare now.

We now turn our attention to what we see not working so well in the marketplace. Hopefully, by starting off with the positive aspects we have instilled a sense for the art of the possible and the Retail Execution improvements that can be achieved.

What is not working

We will look firstly at what is not working from the business perspective and secondly from the solution and technology side. This is not to say that these areas never work, but that on average they pose substantial risk of underperforming. These areas are highlighted on the following pages.

What is not working on the business side.

Change management

This includes getting existing users as well as new hires to adopt Retail Execution solutions. What we see is too much "sale of software" but not enough menu of services options for training, providing detailed change management, and offering remote learning/onboarding. Our POI Survey data from early 2018 shows that 85% of companies have issues with change management for existing users and 76% for new hires. We see that training is often cut at the end of the project so that the deployment can be brought in on time and on budget. We believe that this is a mistake. We also recommend selecting a partner that has can offer deep change management and learning support options.

85% of CG companies have issues with change management.

Integration with sales planning, trade promotion management

This is a perennial challenge because trade promotion management and Retail Execution solutions are largely chosen and implemented separately. POI Survey data shows that 85% of solutions have no integration between trade promotion/sales planning and Retail Execution. This means that any changes to a promotional plan do not automatically cascade through to the field for execution, but have to be communicated in some other way such as email. Similarly, what is observed at the store level such as information about pricing, competition or compliance is not automatically made available in the trade promotion/sales planning solution as part of monitoring the results. Ergo, it is in no way a closed loop process.

85% of solutions have no integration between trade promotions and Retail Execution.

What is not working on the business side.

Chart 1. Responses to the statement, "You have challenges finding tools that enhance worker productivity."

	Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
	7%	36%	38%	16%	2%
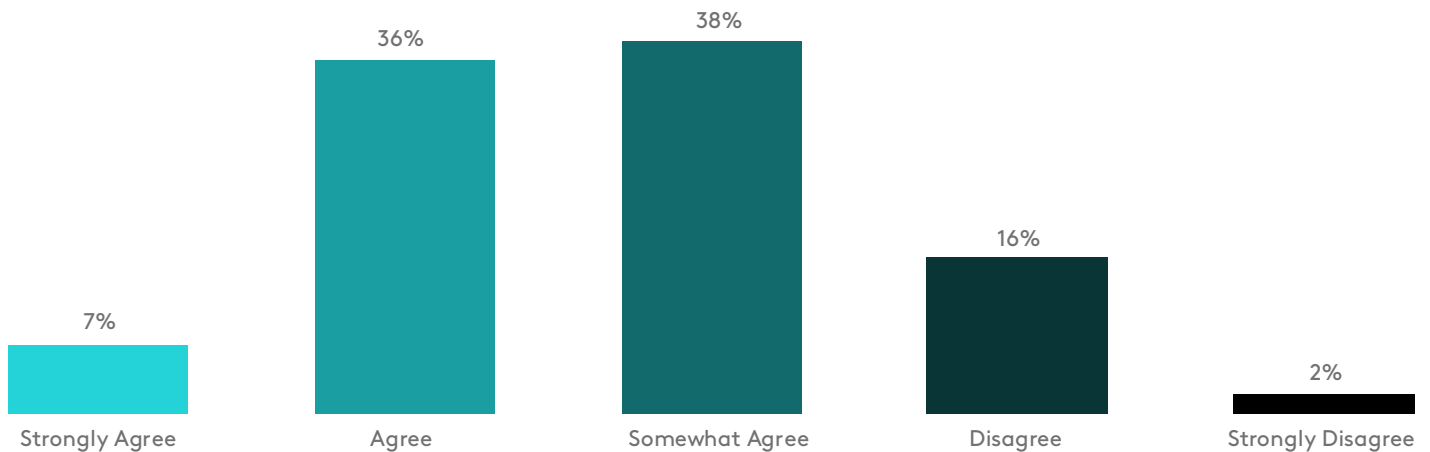
Source: The POI 2018 TPx and Retail Execution Report

Sales rep enablement remains an issue

At the most basic level there are many legacy solutions as well as some from niche players that are downright "clunky" in enabling transactional aspects of Retail Execution. They have limited data visualization, operate on devices with small screens, and require excessive tab and scroll operations to navigate within the system. Nevertheless, we believe that a higher order of sales enablement does exist in the form of information and insights available at the outlet level to facilitate decision making. The POI Survey data indicates that only 13% believe that they have the tools to makes decisions at the outlet level. Another 41% say they "somewhat" have the tools they need, but that leaves nearly half with their needs unmet. Unfortunately, the same situation exists for office based users who support the field as the percentages are very similar. Later on in

this report we will show that many CG companies know that they need new solutions, but perhaps lack the business case for doing so.

Similarly, when we asked about sales rep productivity in general we found the following results in **Chart 1**.

Note how the response is pretty close to a normal distribution curve. Those on the left have found success. In some cases, they "strongly" feel that they are enhancing worker productivity. Nevertheless, only 18% are really doing it well the rest struggle to varying degrees. This shows graphically how incremental improvements can be achieved, but that most are not doing it well. Thus, sales enablement is directly correlated to switching on growth.

What is not working on the business side.

Integration of data in general

As we have touched on earlier, the process of acquiring, cleansing, harmonizing, and staging data for the creation of insights and actions is not a core competency of most CG companies. This could mean POS data, causal data such as weather, or transactional data coming in from a broker or distributor. Most Retail Execution vendors have minimal if any provision for providing data services. They sell the software and leave the data integration up to the user organization. This is why it rarely gets integrated. By choosing the right partner, CG companies can efficiently and safely automate some of the more onerous data cleansing tasks.

Data integration is not a core competency of most CG companies.

Promotional compliance

By this we mean that what gets executed in stores is consistent with what was agreed upon with the retailer. The POI Survey data indicates that only 10% of CG companies consistently get the execution that they have contracted for. We believe that much of this is a result of not being able to factually and insightfully persuade the store/section manager to execute a promotion that has been approved at the headquarters level. Having the data integrated to deliver the insights and do so graphically in the context of a particular outlet are critical in improving compliance. This is a big opportunity.

Only 10% of CG companies consistently get the execution that they have contracted for.

What is not working from the solution and technology side.

Chart 2. Responses to the question: "What is your preferred means of providing Retail Execution technology?

39% No Preference	20% Private Cloud
15% Combination (Depending on Geography) **5%** Public Cloud	**20%** On-Premise (Behind your firewall)
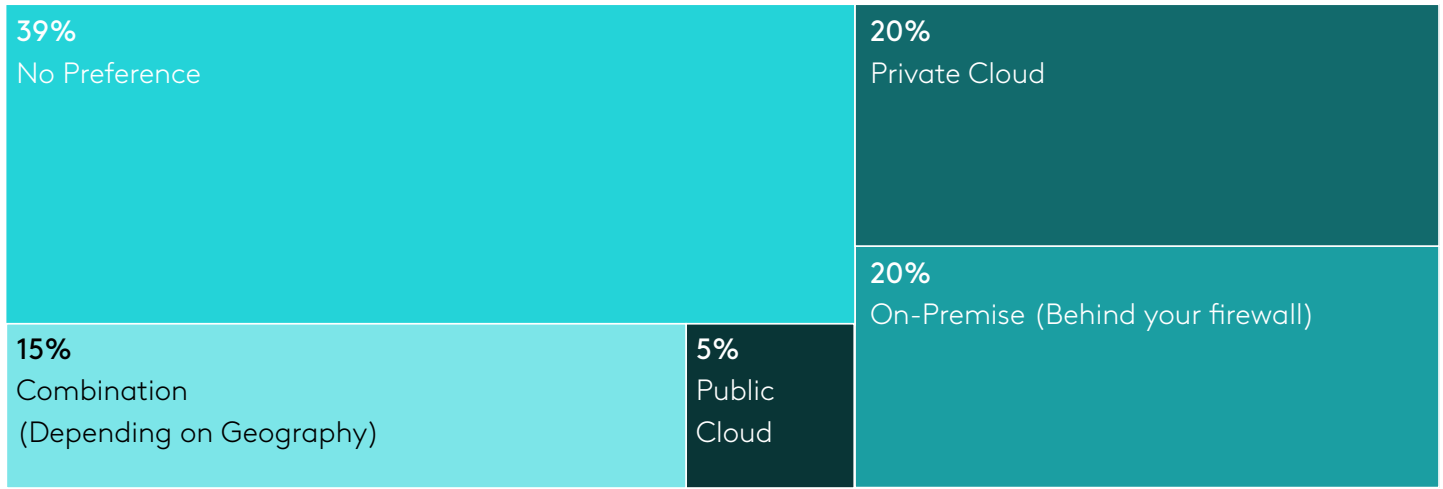
Mass migration to cloud-based solutions

This not so much about not working as "not happening". Clearly cloud based solutions are a viable option for how Retail Execution technology gets delivered. However, as some vendors have moved Retail Execution to the cloud, they have often done so with less functionality than with their on-premises versions. This has caused some backlash if not outright failure. How the cloud fits into the market place is best explained through a graphic from the POI Survey data as in **Chart 2**.

Note that we did not ask how they currently receive this technology, but how they prefer to do so. The results are overwhelmingly in favor of "no preference".

Add to that those wanting flexibility based on geographic requirements and this 55% overwhelms the mere 25% who prefer some form of cloud. Also note that on-premises still remains highly relevant at 20%. The upshot is that we recommend a blended approach based on geographical, cost, or other requirements. We recommend against jumping on any perceived cloud band wagon because we don't believe that there is one. If you prefer cloud as a delivery mechanism and it meets all of your current requirements then great. However, there are vendors that can provide Retail Execution functionality through on-premises, private and public cloud — and with the simplicity of a single vendor.

What is not working from the solution and technology side.

Build on a so-called "CRM platform"

This has become problematic and we are seeing unprecedented levels of failure due to lack of off-line capacity, general lack of industry expertise among the horizontally focused CRM vendors, finger pointing between the CRM vendor and the development partner when things go wrong, and the cost and time associated with building out what is already available in a purpose-built Retail Execution solution. The argument that doing a custom build on a CRM platform, no matter how flexible, can be as cost effective as an off-the shelf solution with strong configuration tools simply doesn't hold up to scrutiny or the reality of some of the colossal failures that we have seen. We simply cannot recommend this approach.

Doing customization

By customization we mean writing custom code, usually such code that cannot benefit from subsequent upgrades in the underlying solution, but have to be re-written. We do not mean configuration, which utilizes the built-in capabilities to extend the underlying code. What we are finding in this area that is all too often the user community thinks it needs a customization, but after the fact it was more of a nice-to-have, not a critical need. We do not recommend any customization that would take a solution out of the upgrade path. We also believe that the better off-the-shelf solutions have the vast majority of functional requirements already baked in, and that any additional requirements can be accomplished with configuration. The examples are legion.

What is not working from the solution and technology side.

Attempting to deploy a single off-the-shelf solution and delivery architecture globally

We have found that attempting to bootstrap a merchandizing, direct store delivery, van sales, or distributor management solution from one channel to another is a bad idea. It takes too much development and yields less functionality than a purpose-built solution for that channel. Similarly, even within a channel such as van sales, trying to push a single version around the globe is just too complex and costly. The secret lies in templates that the more nimble, global vendors have that can accommodate the nuances of markets such as Japan, LatAm, Africa, or China. We recommend that during the selection process, you look at global requirements and then scroll down into regional templates that already exist from a vendor. Whether you sell soda or soap, we believe that a China or LatAm template will cover the vast majority or all of your requirements. It just doesn't make sense to blaze a trail if one already exists through a regional template. You just need to ask and explore.

Building retail execution from scratch

In this case it isn't a matter of not working, but we rarely see it attempted at all. There are just too many viable arguments for buying purpose-built solutions that deliver two to three times the functionality at a fraction of the total cost of ownership. We simply don't recommend this approach.

What is required for improvement?

In this section we will dive into previously unpublished POI Survey responses from CG companies related to what is holding back their Retail Execution Efforts. This allows us to analyze, based on respondents' own self-evaluations, how to prioritize investments to secure a more winning approach at the store level.
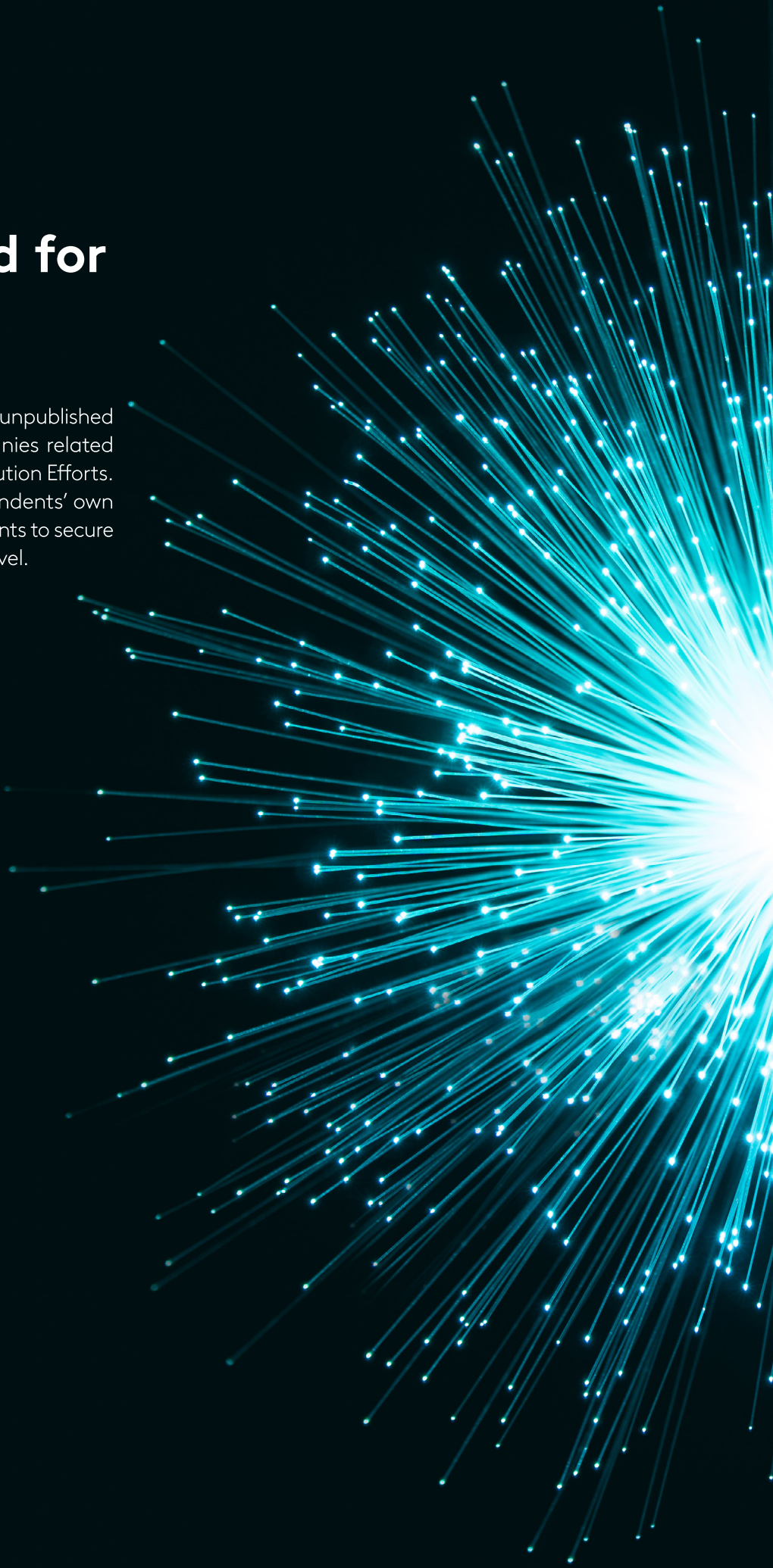
What is required for improvement?

The POI survey methodology in this case was to let respondents tell us in their own words what it will take for them to move to the next level as opposed to having them choose from a series of drop downs. We then grouped the responses semantically so that we can report out the results. This is much more powerful and insightful because it is totally open ended in how people can respond.

Our doing so yielded the following for the POI Survey that ended in January 2018 as follows in **Chart 3**. Before we discuss several of the aspects individually, it is important to point out the following:
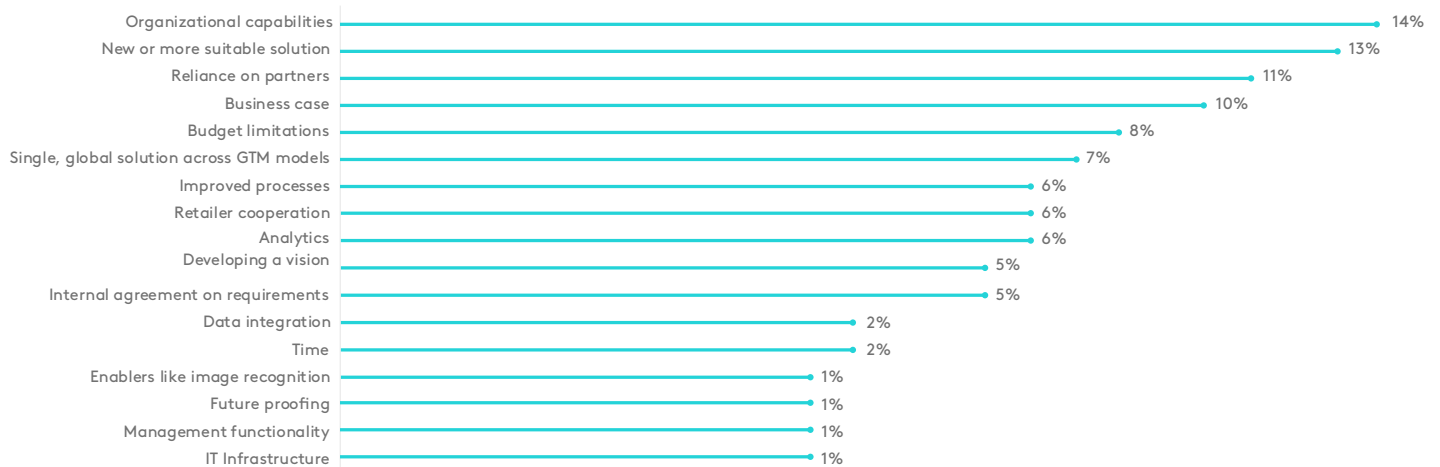
1. We did not see any patterns in the data across a particular geography. This is to say that CG companies in a region did not have a consistent inhibitor to better Retail Execution. Thus, the various observations are largely true across geographies.

2. The fact that no single factor accounts for more than 15% is very interesting and points to how there are no 2 – 3 things that will fix the majority of the issues. We wish it were otherwise, but it simply isn't. The 80/20 rule doesn't really apply since the top 5 response type's account for only 56%.

3. The mix of technical, business, management, strategy, organizational and financial limitations is very interesting and points to the complexity of seizing on the opportunity across what we refer to as the "people, process and technology" dimensions. Thus, simply buying software or hiring outside help will not solve the problem. It will take an approach that considers multiple aspects.

4. What you don't see getting many responses is as important as what you do see such as IT infrastructure. It is one of the least frequently mentioned. We left it in there merely for perspective.

Chart 3. Responses to the question, "What are the top two things keeping you from having really excellent retail execution capabilities?"

Organizational capabilities	14%
New or more suitable solution	13%
Reliance on partners	11%
Business case	10%
Budget limitations	8%
Single, global solution across GTM models	7%
Improved processes	6%
Retailer cooperation	6%
Analytics	6%
Developing a vision	5%
Internal agreement on requirements	5%
Data integration	2%
Time	2%
Enablers like image recognition	1%
Future proofing	1%
Management functionality	1%
IT Infrastructure	1%

Source: The POI 2018 TPx and Retail Execution Report

What is required for improvement?

We now look more deeply at the various response types on Chart 4 in descending order of significance and make recommendations as follow:

Observation & %	Definition	Inference & Recommendation
Organizational capabilities ~14%	The ability of the organization to hire the right people, train them, and get them to adapt over time.	As pointed out earlier, the focus on change management and training cannot be overlooked. POI Survey data on ability to find "qualified personnel who can use and understand existing retail execution solutions" shows that 79% of companies struggle. Hiring the right people is critical but out of scope for this paper. However, a strong services partner can definitely help with change management and probably help to guide the hiring process.
Procuring a new or more suitable solution ~13%	The perception that the current solution is simply not adequate and that a new one is required.	It is time for a change. Retail Execution is too important for having a sub-optimal solution. There are many "rental" options available that may have a lower total cost of ownership than your existing solution.
Reliance on partners (e.g. brokers) ~11%	Improvements are pegged to the partners' personnel and systems.	This is a tough one because CG companies without sufficient scale are typically reliant on brokers. Try integrating data from your brokers' solutions and do more analysis with it. Otherwise, try to work more closely with your broker and have input into business process and technology.
Business case ~10%	The inability to articulate a business case for improving capabilities.	Get a partner to help you evaluate your situation and work with you on a business case. There is expertise available.

What is required for improvement?

We now look more deeply at the various response types on Chart 4 in descending order of significance and make recommendations as follow:

Observation & %	Definition	Inference & Recommendation
Budget limitations ~8%	The money just isn't available.	This may be addressable in the business case area above because improved Retail Execution results should more than fund incremental investment. Fixing product out-or-stocks, improving field sales productivity, and bolstering promotional compliance are key areas to look at.
Single, global solution across GTM models ~7%	Organizations feel fractured or in silos across multiple solutions.	There are global alternatives. You will experience some friction in getting to fewer solutions, but it is often worth it so you can have a single view of multinational retailers and perform product consolidation reporting across geographies.
Improved processes ~6%	The recognition that processes are not optimal or out of step with current market requirements.	POI Survey data shows that only 62% of Retail Execution implementations leveraged best practices from a vendor or services provider. And then only 48% of this was "somewhat" leveraged. You should expect and demand best practices as part of a solution deployment. Just buying software is not enough. You need to be able to leverage expertise and services as well.
Retailer cooperation ~6%	Retailers seemingly don't want to work with you.	We believe that some retailers are less willing to collaborate. Many of these have or will die out. Nevertheless, bringing insights to bear at the HQ and store level can help you to be more of a trusted partner to those who are willing to partner. Win them over through insights and improved execution!

What is required for improvement?

We now look more deeply at the various response types on Chart 4 in descending order of significance and make recommendations as follow:

Observation & %	Definition	Inference & Recommendation
Developing a vision ~6%	Nobody is leading the charge, typically from the top.	Take a look around at CG companies that are doing it well and network with them. Get a partner who can show you the art of possible and how to pursue it.
Analytics ~5%	Better analytics will improve retail execution by spotting opportunities and helping field people to execute against them.	This was kind of shocking that it wasn't higher, but when you have a weak underlying solution or lack change management to get people to use analytics then it is moot to have great analytical capabilities. We strongly believe in analytics, but there are precursors that have to be in place first.
Internal agreement on requirements ~5%	This often means IT pushing for the brand of technology that they prefer or the business not being able to articulate a consistent business process	This is very foundational and should be addressed as part of any Retail Execution capability. Never try to enable with technology what has not been adequately defined or is perceived to be broken.
Data integration ~2%	Getting enough clean data into the Retail Execution solution to extract insights.	We believe that so many CG companies are wrestling with more fundamental issues like the inability to work off-line or having to work on a clunky solution, that they haven't gotten around to higher order analytical and integration requirements. This means that this is more important than you would be lead to believe by the data, but that it is an issue for a more select group that are seeking to be more advanced.
Time ~2%	Just not enough hours in a day.	We put this one in for perspective. People seem to be better at finding the time than the money to move to a higher level.

What is required for improvement?

We now look more deeply at the various response types on Chart 4 in descending order of significance and make recommendations as follow:

Observation & %	Definition	Inference & Recommendation
Enablers like image recognition ~1%	Cool capabilities that can deliver results.	As we showed previously, these capabilities are beneficial and provide competitive differentiation, but the organization has to be ready and the underlying solution has to be complementary to them. Most respondents are aware of image recognition and other enablers. The fact that it is not cited more often is more a reflection of the need for organizational capabilities and better underlying mobile platforms on which to add augmented reality or image recognition than the intrinsic value of such solutions.
Future proofing ~1%	The inability to move to the next level because of a fear that what is done will be quickly outdated.	If you believe this to be an inhibitor then you are one of the few. Improving Retail Execution will yield real benefits in the short, medium and long run. Solutions today are more flexible than ever before and benefit from constant upgrades and enhancements. Fear of obsolesce should not be a significant concern based on our experience.
Management functionality ~1%	The ability to provide oversight and direction.	Enabling the "doers" is more important than enabling the "reviewers". First focus on the people in the field being successful, then those who manage them. Both are important but need to be in the right succession.
IT Infrastructure ~1%	Technical people and capacity.	As stated previously, we only put this one in for perspective. It is really not perceived as much of a limiting factor given all the ways that technology can be delivered.

In summary, there is tremendous potential for switching on growth by mastering some of the top areas above. Retail Execution matters. Don't be lead to believe that eCommerce will supplant retail. Whether it is the emerging markets where keeping product on the shelf and controlling the allocation of that space are key, to warehouse delivered products where performing merchandising and executing meaningful promotions, there is indeed opportunity to grow in an absolute sense as well as by taking share from competitors. In this context across the global market place we now look at how Kantar Consulting can help you to seize these opportunities.

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.

Thus far we have outlined a very compelling case for how a set of Retail Execution capabilities, backed by best practices and appropriate underlying technologies can switch on growth. In this section we will align the requirements in the marketplace against Kantar Consulting offerings in concert with Microsoft to help you create your own sense for what is possible and how you can prioritize your approach.

In the following pages, we now highlight 5 key areas where Kantar Consulting and Microsoft deliver against this opportunity.

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.

1 — The breadth and depth of the offerings for delivering go-to-market excellence.

This starts with category management and under-standing the market. It then segues into demand creation by building better promotions through the entire cycle of trade promotion (TPx) activities. Next is better execution at the store level through a continuous loop of monitoring, understanding and executing in the local retail environment. Many people today refer to this as the "perfect store" and this is a fitting moniker. All of this can be accomplished through one platform that includes a deep partnership with Planorama.

While it is useful to look at these offerings as a set of capabilities, it is also highly instructive to view them as an end-to-end process in Chart 5:

Note how it encompasses the entire flow from the principles of "what do we want to accomplish" to the entire execution and learning cycle, and even aligning compensation to ensure that motivation/incentives are aligned as well. No other solution set is as broad. Also note the various business processes that are baked in. **This is not a development platform on which to build, but a set of mature capabilitiess that already exist and are ready to bring value to your organization.** This, combined with a proven, crawl/walk/run approach to deliver the right results without overloading sales people help to deliver the value in the right increments.

Chart 5. Example of Kantar Consulting Offering for Perfect Store

	1 Principles	2 Planning	3 Store Execution	4 Evaluation	5 Compensation
Brand, Category & Shopper Marketing	POS Segmentation / POS Vision of Success	Assortment Pricing & Promo / POS Planograms		Assort. & Space Compliance / Pricing & Promo Complinace	
Sales Director	Sales Drivers / Market Coverage Guidelines	Sales Targets & Scorecards / Incentives Plan / Compensation Plan		Perfect Store Scorecards / Non-Compliance Impact	Sales Target Progress
Sales Operations		Capabilities Assessment / Sales Force Training / Route Plans / Visit Plans		NPD Success / Sales Progress	Compensation Calculation & Mgmt.
Sales Representative			Mobile Warehouse Mgmt. / Visit Preparation / Visit Execution / Digital Merchandising / Corrective Actions	Salesman Scorecards / Salesman Ranking / Perfect Store Execution / Non-Compliance Impact	Compensation Progress

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.

2 — The right combination of solutions, expertise and support services to ensure your success.

There are many software companies in the marketplace. The same with consulting firms. However, we see many deployments that do not go well because the software is delivered with little thought to change management or best practices. This is clear from the POI Survey data as we previously highlighted in Chart 4 as well as Section 3. Similarly, we have seen consulting engagements that were not fully apprised of the technologies that are generally available in the market place. As a result, they have often presented a "skies the limit" perception of Retail Execution capabilities that lead to a costly, lengthy, and expensive custom build.

Also, significant, but somewhat subtle, is having the right balance of the expertise and support services. We believe that it is important for a CG company to be able to choose both the level and timing of support. That means having the flexibility ranging from "a few to many" consulting resources as well as being able to ramp them up or phase them out based on expectations of learning curves and knowledge transfer.

The Kantar Consulting approach is best understood as a set of business outcomes like sharing, learning, and collaborating both internally and externally. Then add to this solutions and services that wrap around enabling technologies and it is truly an end-to- end offering as follows:

Again, note the melding of outcomes with solutions and services, and ultimately business processes towards the center that are to be enabled. Again, **we believe it is an unrivaled offering.**

Chart 6. The Kantar Consulting Sales Performance Platform

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.

3 — Global reach and ability to execute. Kantar Consulting and Microsoft are truly global companies.

This means they are able to execute globally, usually with local resources, and are able to scale their offerings to fit local requirements. And, perhaps most importantly, they are able to bring local knowledge to bear on the Retail Execution requirements. This is no simple task because CG companies go to market with some combination of merchandising, van sales, selling through distributors, and direct store delivery utilizing DEX integration. It is not our intention to discuss each of these models here, but to recognize that they exist and are highly specialized. Many global CG companies utilize all of these models.

Having an ability to execute in virtually any market is, as with number 1 and 2 above, being able to bring the breadth and depth to bear with the combination of technology and resources — and for a single market, or around the globe. Our research has found that this ability is quite lacking today. The result is that some CG companies have a patchwork of solutions around the world based on acquisitions, perceptions of a regional vendor being strong, or having had such a miserable deployment experience in a preliminary deployment that all expansion plans are halted and the solution remains isolated. **Simply looking at the Kantar Consulting and Microsoft footprint that spans multiple regions and dozens of countries is a testament to their ability to effectively cover the globe. However, there is more to be said about the level of expertise**.

What is at risk when choosing a partner that does not have both broad and deep expertise around the world is that you will need to engage in development efforts to localize a solution. This takes a tremendous amount of time and resources. It also poses risk that the underlying solution simply cannot support what is being required of it in an area such as off-line capabilities, handling local taxation, or accommodating the requisite master data. Thus, when a vendor tells you during the RFP or demo process that they can handle some requirement, what they often mean is that given additional time and money they believe they can build it out for you.

But the Kantar Consulting approach as supported by Microsoft is different. This is best illustrated by a several templates or archetypes. Depending on the route to market, the maturity of the market and the organizational capabilities, companies are mainly focused on specific set of capabilities. These are already built out in Kantar Consulting on the following pages.

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.

3 — Global reach and ability to execute. Kantar Consulting and Microsoft are truly global companies.

First Archetype

Mainly for emerging markets, is oriented to improve tools, capabilities and skills for operational efficiency. From a solution standpoint, the features required for this first step are mainly related to:

- Territory and route management
- Field sales activities planning
- Order Management
- Store check: price, promotion, assortment and asset compliance
- Sales reps incentives management
- Basic field sales activities reporting

Having this already available for the emerging markets means having at least 85% of the functionality already there.

Second Archetype

Addressed to mature markets, is more oriented to gain effectiveness. Set of functionalities required are:

- Territory and route optimization
- Perfect store and salesman scorecard definition and management
- Social capabilities
- Gamification capabilities
- Image and speech recognition to speed up processes
- Guided selling capabilities

You can see that this archetype supports both modern and traditional trade but in more mature markets that are more analytically driven by POS data and use of capabilities such as planograms

Third Archetype

For mature markets and companies looking to take a leadership position using state of the art tools. Features for this group include:

- Advanced analytics such as predictive modelling to understand the outcomes of certain activities
- Leverage internet of things (IoT) to improve sales results
- Machine learning and optimization to drive field activities all the way back to HQ including flexible the resource models discussed previously

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.
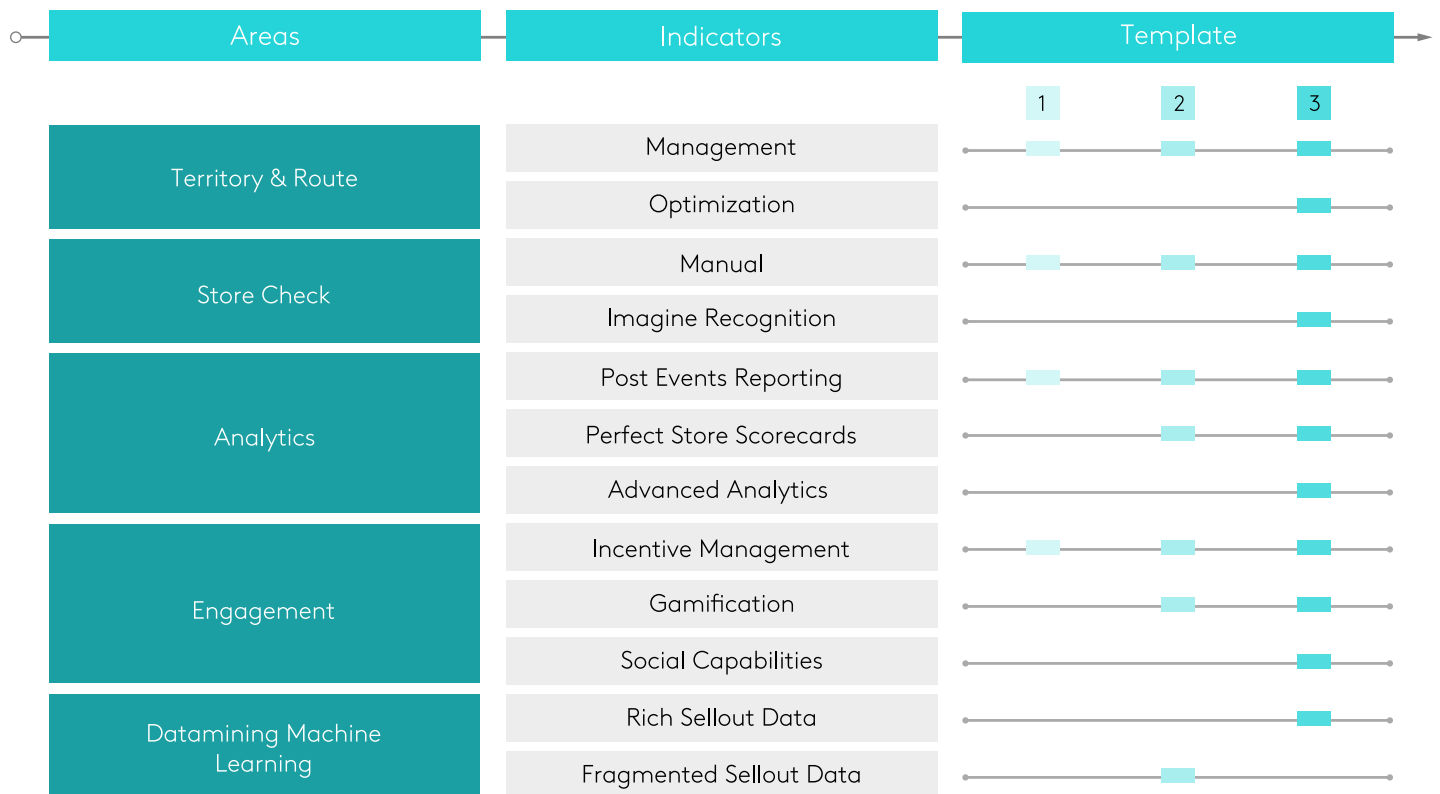
3 — Global reach and ability to execute. Kantar Consulting and Microsoft are truly global companies.

Thus, understanding regional and local requirements has driven the development of templates. They are laced with best practices and supported with services around the world. Visually it looks like **Chart 7** below.

In summary, Kantar Consulting has partnered with Microsoft to provide technology solutions and applications that provide CG companies with an end-to-end

Retail Execution solution that is easily configurable and which embeds industry best practices. These industry best practices are embedded in preconfigured templates and released in our Out-of-the-Box version. Proven experience delivering and implementing SFA solutions globally — using Kantar Consulting's ability to create a global template with local specifications through a highly configurable solution — allow each market to get the most out of the software.

Chart 7. Main features for various archetypes — Example

Areas	Indicators	Template
		1　　2　　3
Territory & Route	Management	
	Optimization	
Store Check	Manual	
	Imagine Recognition	
Analytics	Post Events Reporting	
	Perfect Store Scorecards	
	Advanced Analytics	
Engagement	Incentive Management	
	Gamification	
	Social Capabilities	
Datamining Machine Learning	Rich Sellout Data	
	Fragmented Sellout Data	

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.

4 — The Microsoft partnership.

Thus far we have mentioned this several times, but it warrants further analysis. By partnering with Microsoft, Kantar Consulting has chosen an enterprise technology partner to deliver the new Sales Performance Platform worldwide and access to a broad eco-system of innovative software vendors that develop on Microsoft Azure cloud services.

Microsoft leads the industry in establishing clear security and privacy requirements and then consistently meeting these requirements. Azure meets a broad set of international and industry-specific compliance standards, such as General Data Protection Regulation (GDPR), ISO 27001, HIPAA, FedRAMP, SOC 1 and SOC 2, as well as country-specific standards, including Australia IRAP, UK G-Cloud, and Singapore MTCS. Rigorous third-party audits, such as those done by the British Standards Institute, verify Azure's adherence to the strict security controls these standards mandate.

Security cannot be taken for granted because organizations continue to face challenges that increase the risk of significant financial loss, damage to market reputation, and customer satisfaction. Azure protects business assets while reducing security costs and complexity. Microsoft's approach to privacy and data protection is grounded in commitment to the enterprise's ownership of and control over the collection, use, and distribution of their information. Microsoft is committed to the privacy of customer data and has adopted the world's first code of practice for cloud privacy, ISO/IEC 27018.

In addition to security as an underlying necessity, Microsoft is also partnering with Kantar Consulting to push the boundaries of what can be done in Retail Execution to switch on growth. Whether your enterprise is just getting started with machine learning techniques and wanting to learn more about artificial intelligence, creating an AI roadmap for the enterprise, amplifying human ingenuity with intelligent technology, learning how AI will change application development, or indeed thinking about the future of AI and its impact on society, Microsoft and its partner eco-system deliver the latest technologies to help you grow your business.

In summary, the strength of the Microsoft and Kantar Consulting partnership will continue to deliver scalable, secure, and forward-looking capabilities for many years to come.

How Kantar Consulting in partnership with Microsoft deliver against this set of opportunities and requirements.

5 — Superior usability and ongoing support.

Building upon best practices and flexible implementation delivery models is the need to keep users engaged and supported. With many pure-play software vendors you likely implement something and then hope that the user experience (UX) will keep up with the times. Kantar Consulting solutions, as evaluated by POI personnel over nearly a 20-year period, consistently score very highly for innovation and usability. This means that UX doesn't wane over time between refreshes. It is constantly being updated. This helps with adoption and change management. It also helps with making field sales people and their managers actually want to be in the solution to: interact with peers through social selling, get insights on how to improve Perfect Store, check progress in gamification results, monitor and understand commissions and compensation, and receive general insights about their customers.

But the support goes even further. There are distance learning tools for reinforcing best practices, doing training, or remote on boarding. There is never a risk of someone forgetting what they saw when a new module was shown to them at the national sales kick-off and then avoiding that module because they are embarrassed. Instead they can get training or a refresher whenever they like.

Similarly, Kantar Consulting support personnel are available across nearly every time zone to help you. This is the spirit of the Sales Performance Platform, to continuously improve performance and switch on growth.

In summary, the breadth, depth, and delivery of Kantar Consulting capabilities in concert with Microsoft is very compelling. They can be delivered around the world, across go-to-market models, and with the support you need to be successful.

About the author

Dale Hagemeyer leads the research, best practices, and advisory function at POI and has been active on the POI Board since its inception. Previously, he was a research vice president and managing vice president at Gartner for 15 years. There, he did research in the application of technology to the business processes of trade promotion and field sales automation for consumer goods manufacturers. Prior to Gartner, he spent 14 years in management positions related to the promotion and distribution of products at Sunbeam Corporation, The Quaker Oats Company, PepsiCo, Kraft Foods, and Kroger. He also fulfilled an international assignment in Mexico from 1995 to 1996. He has served on various industry advisory boards for trade associations and industry periodicals. He holds an undergraduate degree in finance from the University of Utah and an MBA from the University of Chicago.

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About POI

POI brings together manufacturers, retailers, solution providers, analysts, academics, and other industry leaders with the specific objective of collaboratively improving the promotion and distribution of consumer goods. Members of POI share cross-functional best practices in both structured and informal settings. Additionally, members benefit through our industry alliances, the Certified Collaborative Marketer (CCM)™ program, and industry-leading summits around the globe. POI aims to instill a financial and metrics-based discipline not typically found with other trade groups. The goal of our innovative approach is collaborative promotion optimization. The focus is on the customer/shopper through sales, marketing, and merchandising strategies. Executive advisory boards keep us apprised of industry needs and help us provide desired outcomes for members, sponsors, and academia.

For more information:
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About KANTAR CONSULTING

Kantar Consulting is driven to switch on growth. With over 1,000 analysts, thought leaders, software developers and expert consultants we help clients develop and execute brand, marketing, retail, sales and shopper strategies to get growth delivered. Kantar Consulting owns market leading assets including PoweRanking, GrowthFinder, Global Monitor, Retail IQ, RichMix, XTEL and Marketing, Insights and Purpose 2020. We track 1200 retailers globally, have purchase data on over 200 million shoppers and forecast social, cultural and consumer trends across the world.

Kantar Consulting is part of Kantar, the data investment management division of WPP.

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About Microsoft

Microsoft (Nasdaq "MSFT" @microsoft) enables digital transformation for the era of an intelligent cloud and an intelligent edge. Its mission is to empower every person and every organization on the planet to achieve more.

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